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This Week in Canadian Agriculture, Issue 20 2002

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Report Highlights:

"What's New, Eh?" * Ag Minister Slams Farm Bill at World Food Summit * Agriculture Committee Recommends CWB Authorize Free-market Trial for Wheat and Barley * Ottawa Expected to Make Ag Funding Announcement Soon * Prime Minister Announces Task Force on Canada-united States Relations * Saskatchewan Topsoil Moisture Conditions Improve * Alberta, Oregon, and Montana to Meet over Common Issues * Alberta Ranks 4th in Cattle Slaughter * Canada Pushes for Tariff Parity for Canola Entering Iran

... and MORE!

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Ottawa [CA1], CA

This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives. Substantive issues and developments are generally also reported in detail in separate reports from this office.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

AG MINISTER SLAMS FARM BILL AT WORLD FOOD SUMMIT: Canadian Agriculture and Agri-Food Minister Lyle Vanclief attacked the U.S. Farm Bill at the World Food Summit in Rome. Vanclief held a press conference and said that the Farm Bill will not only hurt Canadian farmers, but also developing nations, and undermine world hunger reduction goals set forth by member nations of the Food and Agriculture Organization (FAO) of the United Nations. In a press release, Vanclief said, "We know that a fair and market-oriented international trading system is vital to eliminate poverty and hunger," said Mr. Vanclief. "The U.S. Farm Bill and higher European Union subsidies distort world commodity markets and hinder the capacity of developing nations to participate actively in this system. New support payments for some American pulse crops will especially impact developing nations that are significant producers of these crops." In addition, Vanclief claimed he was instrumental in encouraging other countries, namely Argentina, Australia, Bolivia, Brazil, Mexico, South Africa, Thailand and Uruguay to express their concern that the U.S. Farm Bill is harmful to producers in Canada and around the globe (see also CA2071).

AGRICULTURE COMMITTEE RECOMMENDS CWB AUTHORIZE FREE-MARKET TRIAL FOR WHEAT AND BARLEY: The House of Commons Committee on Agriculture and Agri-Food, after extensive consultations with the Canadian agriculture industry, made a number of sweeping recommendations that would better equip Canadian producers to face its current challenges and embrace new opportunities. Of the 33 recommendations made, one called for the Canadian Wheat Board to authorize on a trial basis, a free market for wheat and barley. The CWB expressed "shock and dismay" at the recommendation. For more information, see GAIN report CA2072.

OTTAWA EXPECTED TO MAKE AG FUNDING ANNOUNCEMENT SOON: Canadian officials and trade sources indicate that the Canadian government is close to unveiling a multi-billion dollar farm aid package that some in the industry expect to be worth close to C\$5.2 billion. The funding is expected to ease Canadian farmers' financial hardships in the face of what is being characterized as a "global subsidy war." However, the president of one of Canada's major agricultural lobby groups cautioned that current figures in the media are only rumored estimates and not carved in stone. Full funding details should be available in the next week or two. For more information, see GAIN report CA2073.

PRIME MINISTER ANNOUNCES TASK FORCE ON CANADA-UNITED STATES

RELATIONS: Prime Minister Jean Chrétien announced on May 29 the creation of a Prime Minister's Task Force on Canada-United States Relations. The Task Force will examine the relationship and consider ways to strengthen and improve dialogue between elected officials in our two countries. "Canada's relationship with the United States is unique. We have the largest trading relationship and longest undefended border in the world. Our mutual interests run deep and it is in both our interests to strengthen cooperation and resolve disagreements through dialogue," said Prime Minister Chrétien. "Our Members of Parliament and Senators can contribute to enhancing dialogue between our governments and I want the Task Force to advise me on how best to achieve this." The Task Force on Canada-United States relations will consult with Members of Parliament, experts, and key stakeholders on ways to deepen the working relationship between elected officials in both countries. The Task Force will place a special emphasis on: (1) identifying key opportunities for increasing dialogue between federal elected officials and U.S. Congress Members; (2) advising on the creation of a research and information base on key issues; (3) analyzing Canada's trade with individual states and districts to better understand linkages and opportunities; (4) identifying current and future issues most likely to influence bilateral relations; (5) consulting with the Minister of Foreign Affairs to explore opportunities for Parliamentarians to support him and his officials; and (6) considering approaches and methods that could help resolve bilateral disagreements. The Task Force will deliver their report to the Prime Minister by November 2002.

HEAVY RAINS BOOST WHEAT YIELD OUTLOOK: According to *Agriculture Canada Online*, heavy rains in parts of western Canada this week revived what had been a poor wheat yield outlook for the region. As a result of the precipitation, Canadian Wheat Board weather analysts reportedly increased their forecast average wheat yield, excluding durum, to 28.8 bu./ac., up 2.5 bu./ac. from week-ago figures. These forecasts are slightly higher than western Canada wheat yields for 2001, but they are still below the long-term average as dry subsoil conditions persist in parts of central Saskatchewan and central Alberta. Rainfall around Saskatoon this year to date is about 50% of average, and soils in that region already started the year at a severe moisture deficit.

SASKATCHEWAN TOPSOIL MOISTURE CONDITIONS IMPROVE: According to the provincial agriculture department, topsoil moisture conditions have improved in many areas of Saskatchewan. As of June 8th, most areas of the grainbelt had received between 15 mm and 45 mm of rain. Farmers in southern areas received an average of 29 mm with farmers in south-central areas receiving 45 mm of precipitation. Producers in the central grain belt received an average of 15 mm of precipitation, with producers in west-central areas receiving 24 mm and those in north-central and northwestern areas seeing on average 18 mm of rain. Topsoil moisture conditions on crop land were reported as fair to good by 63% of reporters with 47% of reporters citing topsoil moisture levels for hay and pasture land as fair to good. Although moisture conditions have improved for many producers, farmers and ranchers in central regions have not received as much moisture as other areas and continue to face difficult conditions. Saskatchewan farmers have seeded 98% of the crop with some producers changing seeding plans given recent rains. Saskatchewan producers are now ahead of the five-year (1997-2001) average of 96%.

ALBERTA, OREGON, AND MONTANA TO MEET OVER COMMON ISSUES: Alberta

and U.S. state leaders are meeting to discuss agriculture, energy, and security. The Pacific Northwest Economic Region was scheduled for June 9-12 near Portland, Oregon. The Montana-Alberta Bilateral Advisory Council meeting takes place June 13-14 in Helena, Montana. "In the last eight months, we've seen much progress in cooperation between Canada and the U.S. in areas such as border-crossing efficiency and security. At the same time, we've seen the rise of contentious trade issues which are hampering our economic relationship. These meetings will be a good opportunity to discuss these matters with influential leaders of U.S. states," said Halvar Jonson, Minister of International and Intergovernmental Relations for Alberta. Jonson will be joined at the Montana meetings by Shirley McClellan, Deputy Premier and Minister of Agriculture, Food and Rural Development. She emphasized that the U.S. Farm Bill tops the list of points she wants to address with Montana counterparts. "Alberta has enjoyed the benefits of several cross-border trading agreements, especially regarding livestock. We are concerned that the U.S. Farm Bill may negatively impact our positive trading relationship with Montana and other western states."

ALBERTA RANKS FOURTH IN CATTLE SLAUGHTER: According to Canfax, the marketing division of the Canadian Cattlemen's Association, the province of Alberta moved ahead of Colorado in cattle slaughter during 2001 after holding down the five spot for several years. Canfax said the top 10 regions in North America for cattle processing were Texas (6.03 mil. head), Kansas (5.295 mil.), Nebraska (4.575 mil.), Alberta (2.534), Colorado (2.495 mil.), Oklahoma, Idaho, Iowa, California and Ontario. Alberta accounts for about 70% of total Canadian cattle slaughter. Together, the Cargill High River beef processing plant and the IBP Brooks plant account for about 60% of total Canadian beef processing capacity.

CANADIANS WARY OF BIOTECH IN FOOD: According to a story in the *Globe and Mail*, delegates at BIO 2002 were told that a poll commissioned by the Canadian government shows that while Canadians are supportive of the benefits derived from biotechnology in health and environmental areas, the approval rate for biotechnology slips dramatically when it comes to its role in food and agriculture. Slightly more than half of Canadians surveyed feel comfortable buying genetically modified food, although nearly 60% would accept some risk if it led to new vitamin- or medicine-enriched food. The report was highlighted at this week's BIO 2002 Conference held in Toronto. The American based Biotechnology Industry Organization (BIO) which was created through the merger of the Industrial Biotechnology Association and the Association of Biotechnology Companies represents more than 1,000 biotechnology companies, academic institutions, biotechnology centers and related organizations in all 50 U.S. states and 33 other nations.

MARYLAND COMPANY TELLS TORONTO BIOTECH CONFERENCE THAT GENETIC SCREENING LEADS TO MORE TENDER BEEF: Delegates at the BIO 2002 conference in Toronto (see previous story) heard that MetaMorphix Inc, a Maryland company, that its ability to genetically screen cattle will result in cattle that produce more tender beef. In a *Globe and Mail* story, Ed Quattlebaum, chief executive of MetaMorphix said that they hope to make beef the new chicken of the supermarket. "You go to the chicken counter in the grocery store and look at those chicken breasts, they all look the same, there's no difference in color, or skin texture. We want to create that same uniformity, that same consistency in beef."

CANADA PUSHES FOR TARIFF PARITY FOR CANOLA ENTERING IRAN: Minister of Agriculture, Lyle Vanclief met last week with his Iranian counterpart, Mahmoud Hojjati, and Iran's Minister of Commerce, Mohammad Shariatmadari, in Tehran, to discuss tariff reductions and the expanding commercial relationship that has developed between the two countries in agriculture and agri-food. Iran, Canada's biggest non-durum wheat customer in recent years, is also Canada's biggest market for agriculture and food products in the Middle East, and offers a potential market for Canada's value-added food products, such as vegetable oils. Last year, Canada's agri-food exports to Iran totaled C\$427 million (\$277 million). "I am pleased that Minister Shariatmadari said he supports our request to reduce tariffs on Canadian canola oil and seed, and committed to following up on this issue. A further reduction of the canola oil tariff to one per cent is needed to provide Canadian canola exporters parity with similar oils, such as soya and sunflower," said Vanclief. Three co-operative agreements in the areas of water management, canola, and plant genetic resources, have been signed by Canada and Iran in the last two years. Canada imports a number of agri-food products from Iran including dried fruit, pistachios, and dates.

QUEBEC AGRI-FOOD EXPORT CLUB GETS FEDERAL FUNDING: The federal government is providing C\$1.2 million to Quebec's Agri-Food Export Club to help implement its 2002-2003 export market development plan. Established in 1990, the Quebec Agri-Food Export Club was founded by The Québec Food Processors Association and is comprised of approximately 350 members. In 2001, agri-food shipments made by the organization's members accounted for more than 80 per cent of Quebec agri-food exports and more than 15 per cent of total Canadian agri-food exports. According to Agriculture and Agri-Food Canada, Canada's agri-food exports reached a record C\$24.4 billion (\$16 bil.) in 2001.

CORRECTION TO LAST WEEK'S REPORT: The Canadian Grain Commission (CGC), in its industry advisory entitled "Extra precautions required in dealing with green treated canola seed", dated May 31, 2002, incorrectly gave the name of the seed treatment as HELIX Xtra™. The name of the seed treatment is HELIX®.

Did You Know... that at the current pace of U.S. agricultural exports in 2002, Canada will overtake Japan as the number one destination for U.S. food and agricultural product exports?

Recent Reports from FAS/Ottawa:

Report Number	Title of Report	Date
CA2073	Federal Ag Funding Announcement Expected Soon	6/14/2002
CA2072	House of Commons Standing Committee on Agriculture Recommends CWB Authorize Free-Market Trial for Wheat and Barley	6/13/2002

CA2071	Vanclief Attacks Farm Bill at World Food Summit	6/11/2002
CA2069	This Week in Canadian Agriculture, Issue 19	6/06/2002

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